Government of
Saskatchewan

Annual Report
2002-2003

Saskatchewan
Finance

Saskatchewan

Our Future is Wide Open ®

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This document can also be found online at **www.gov.sk.ca/finance** – click on the "Publications" tab.

Letters of Transmittal

Her Honour the Honourable
Dr. Lynda M. Haverstock
Lieutenant Governor
Province of Saskatchewan

May It Please Your Honour:

I respectfully submit the Annual Report of Saskatchewan Finance for the fiscal year ending March 31, 2003.

Jim Melenchuk
Minister of Finance
July 29, 2003

The Honourable Jim Melenchuk
Minister of Finance

Dear Sir:

I have the honour of submitting the Annual Report of Saskatchewan Finance for the fiscal year ending March 31, 2003.

Respectfully submitted,

Ron Styles
Deputy Minister of Finance
July 29, 2003

Who We Are

The Department of Finance plays a unique role in the affairs of the Province of Saskatchewan. As a central agency, Finance is responsible for advising the Government on financial implications associated with its policy decisions. The Department, with direction from Treasury Board and Cabinet, manages and controls the finances of the Province to ensure appropriate use of public funds. It maintains a close working relationship with the federal government, other provincial governments and other government bodies within the province to effectively address financial issues of mutual concern.

The Department of Finance is responsible for receiving and disbursing the majority of revenues for the Government of Saskatchewan. These include revenues from taxation and non-renewable resources, transfers from Government entities, such as Crown Investments Corporation of Saskatchewan, and transfers from the federal government. Revenues are disbursed through Finance to government departments to fund public services such as health care, education and road maintenance. To ensure an increasing level of government-wide accountability, Finance assists departments in co-ordinating the Government's Accountability Framework.

These roles and responsibilities constitute the "behind the scenes" work of the Department. Finance also provides services directly to the public through delivery of the Saskatchewan Savings Bonds program, administration of provincial pension plans and employee benefit plans, administration of provincial tax programs, including the Provincial Sales Tax, and communication initiatives to keep the public informed on finance-related issues.

As of March 31, 2003, Finance employed 476 people trained in fields ranging from economics and accounting to information technology, human resources, public policy, commerce, communications and many other skilled and professional fields.

Core Business Areas

The Department provides the Minister of Finance, Treasury Board, Cabinet and the Government with information, analysis, advice and services in eight core business areas.

1. Revenue, Expenditure, Fiscal and Economic Policy

Finance supports effective government decision making by providing up-to-date information, policy analysis and advice to the Minister of Finance, Treasury Board, Cabinet and government departments. This includes financial and policy advice on budget decisions, updates on the Province's revenue and expenditure position, as well as information on general economic and social issues. Finance establishes and co-ordinates the budget development process to enable Treasury Board and Cabinet to make effective resource allocation decisions.

The Department is also responsible for working with the federal government on programs such as Equalization, the Canada Health and Social Transfer, the Canada Pension Plan, fiscal arrangements concerning First Nations in Saskatchewan and other federal-provincial programs.

As well, the Department houses the Saskatchewan Bureau of Statistics, which reports on provincial and national economic indicators.

2. Comptrollership/Financial Management

Finance assists the Legislature and the Government in controlling and accounting for the receipt and disposition of public money. Through the office of the Provincial Comptroller, the Department develops and maintains the government-wide revenue and expenditure systems and ensures that effective financial management and accounting procedures are in place. It also prepares and publishes financial accountability reports, including the Public Accounts.

The Public Accounts report on the Government's revenues and expenditures for the year and its financial position at the end of the fiscal year. The Department's internal audit function helps ensure that departments maintain appropriate financial and management controls and are properly accounting for their revenues and expenditures as authorized through government policy and legislation.

3. Revenue Operations

Finance administers several provincial government revenue and tax rebate programs. This work involves identifying and collecting tax revenues, conducting audits, issuing tax refunds and providing information related to tax and rebate programs.

4. Treasury and Debt Management

Finance borrows to meet the funding requirements of the Government, including Crown corporations and other government agencies. It manages the provincial debt and the cash position of the General Revenue Fund. It also provides an investment management service for various funds administered by the Government, Crown corporations and other agencies.

5. Government Planning and Reporting

Finance is working to improve planning, budgeting, performance measurement and reporting practices across government. This includes the work of the Performance Management Branch (PMB), which plays a central role in the Government-wide initiative to improve overall planning, performance measurement and public reporting. The mandate of PMB is to develop and implement a "managing for results" approach within Executive Government that will strengthen planning, performance measurement and reporting and enhance accountability. To this end, PMB works closely with other central agencies to co-ordinate planning work across government and with Executive Government Departments, and some Treasury Board Crown Corporations, to fully develop and implement strategic plans, performance measures and performance reporting mechanisms.

6. Personnel Policy Secretariat

Through the Personnel Policy Secretariat, the Department provides advice and analysis to the Cabinet Committee on Public Sector Compensation and co-ordinates implementation of Cabinet decisions.

7. Corporate Services

Finance provides direction, guidance and support for internal operations and client agencies. This work includes executive management and the management of communications, human resources, financial services, procurement, information technology, security and facilities.

8. Pension and Benefits Administration

The Public Employees Benefits Agency (PEBA) was created as a central body within the Department of Finance to administer pension and benefit programs for employees of the executive government, Crown corporations and Government-funded bodies.

As part of its mandate, PEBA ensures that adequate funds are in place for all plans, that the plans comply with legislation, and that the plans are administered in accordance with the prevailing governance system. Plan design is reviewed regularly to ensure that the needs of plan members and employers are addressed.

PEBA's operating costs are charged to each of the plans under its administration as an administrative cost. These costs are reported annually in the Public Employees Benefits Agency Revolving Fund Annual Report.

An annual report is prepared and tabled for each pension and benefit plan under PEBA's administration. For more information, go to **www.peba.gov.sk.ca/finance** and click on the "Publications" link.

Our 2002-03 Annual Report

With the release of our 2001-02 Annual Report, a transformation began in the type of information being released to the public and our stakeholders. For the first time ever, our 2001-02 Annual Report clearly spelled out our plans for the future – it included Saskatchewan Finance's 2002-03 Performance Plan.

Our 2002-03 Annual Report builds on the transformation started last year, and serves two distinct functions:

- It reports on our results, in the context of our 2002-03 Performance Plan
- It sets out our updated plan for 2003-04 and beyond

In the 2000-01 Budget Address, Government announced it would be fully implementing a new accountability framework over the next few years, "giving Saskatchewan people solid reference points by which to judge the performance of their Government." The continuing improvements occurring in this Annual Report are tied to the ongoing implementation of this broader initiative.

We believe that by reporting progress against our previously released plan, we are increasing our accountability to the people we serve and providing them with better information to assess our performance results.

In future years, our Annual Report will continue to evolve, providing more and better information to the public.

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2002-03 Fiscal Year Results

Overview of Plan for 2002-03 and Beyond

This section contains the goals and objectives in our plan for 2002-03 and beyond, released in August 2002. This document reports our progress towards our longer-term objectives.

Our Vision
As a leading Canadian finance department, Saskatchewan Finance pursues accountable, fiscally responsible government, prosperity and social well-being.

Goal 1 – Saskatchewan is Fiscally Strong and Stable

Objective 1 – A sound financial plan

Goal 2 – Saskatchewan is a Prosperous and Socially Responsible Province

Objective 1 – A simple, fair, competitive tax structure

Goal 3 – Government is Accountable for Its Revenues, Expenditures and Results

Objective 1 – Effective government planning, performance measurement and reporting

Objective 2 – Effective government-wide financial management practices

Goal 4 – Saskatchewan Finance Provides Excellent Services to Its Clients

Objective 1 – Accurate and timely information and services

Objective 2 – Ease of tax compliance

Results at a Glance

As a central government department, Saskatchewan Finance continued to manage the Province's finances while serving our clients in an efficient and timely manner. The following highlights some of our key accomplishments for the year.

Key Accomplishments

Saskatchewan is fiscally strong and stable
- The Budget was balanced for the ninth consecutive year.
- The Department provided support and analysis leading to additional federal funding for health care.
- The Province received a credit upgrade from Moody's Investors Service.

Saskatchewan is a prosperous and socially responsible province
- In 2002-03, the three-year implementation of the tax-on-income personal income tax structure was completed when the final changes that were announced in the 2000-01 Budget came into effect on January 1, 2003. The final stage of the implementation included lower tax rates, a broader range for the middle tax bracket and increased amounts for Saskatchewan's special tax credit amounts for dependent children and seniors.

Government is accountable for its revenues, expenditures and results.
- Base financial system replacement was on time and within budget.
- For the first time, the province released quarterly financial reports following the close of the first, second and third quarters.
- Volume 1 of the Public Accounts was released August 1, one of the earliest release dates in Canada.
- Released a high-level, Government-wide statement of direction and priorities with the 2003-04 Budget entitled *Our Plan for 2003-04.*

Saskatchewan Finance provides excellent services to its clients
- The Department further developed the Saskatchewan Electronic Tax Service (SETS) and by the first quarter of 2003-04, e-filing will be fully implemented for business and farmers.

In 2002-03, the Department spent $222.5 million, which was $4.8 million less than budgeted. Pension and benefits expenditures were $3.2 million less than budgeted due to lower-than-anticipated employer contributions.

The following table provides a summary of how the funding was spent:

	(thousands of dollars)
Personal Services	20,260
Travel	1,250
Transfers	10
Supplier Payments	
Contract Services	7,537
Communications	349
Supplies and Services	6,022
Equipment and Other Assets	1,969
Other Expenditures	185,073
Total	**$ 222,470**

The Department is responsible for the Public Employees' Benefits Agency Revolving Fund that provides services to public sector pension and benefit plans and to plan members. The costs incurred by the Fund for providing services are allocated to, and reimbursed primarily by, various pension and benefit plans. For more information about this Fund please visit the following website: **www.peba.gov.sk.ca/peba/annrep.htm**

2002-03 Performance Results

The following section provides detailed information on the progress that we made last year towards our long-term objectives.

Goal 1 – Saskatchewan is Fiscally Strong and Stable

Objective 1 – A sound financial plan

Fiscal strength and stability are important indicators for those who live in our Province, and those who are looking to invest. The Department contributes to the Province through the development of a sound financial plan. Sound financial planning is a key component in assisting government decision-makers to develop and deliver annual budgets and effectively allocate public resources.

As well, the Department continues to maintain federal-provincial fiscal relations to secure financial support for Saskatchewan's public services.

Investors have noted our progress and bond rating agencies have rewarded the Province with 10 credit rating upgrades during the past eight years.

Key Results

The key actions originally presented in our 2002-03 plan are shown below, followed by our actual progress towards the key action. Results have been included for all key actions and performance measures that were published in our 2002-03 Performance Plan, unless disclosed.

- Continue to work with federal, provincial and territorial governments to address the fiscal imbalance that exists between federal/provincial responsibilities and revenues
  - Finance provided support and analysis leading up to the February 2003 First Ministers' Meeting on Health Care. The result was a federal commitment of $10 billion over a three-year period, of which $390 million was allocated to Saskatchewan for the years 2003-04 to 2005-06.
- Continue to design and operate a budget process that provides realistic program options and the information necessary to analyze those options
  - Reviewed, analyzed and provided recommendations to Treasury Board and Cabinet regarding departments' proposed budget plans.
  - Prepared revenue and expenditure options for Treasury Board and Cabinet.
  - Provided revenue forecasts to Treasury Board and Cabinet.
  - Prepared and released the 2003-04 Provincial Budget on March 28, 2003.
- Continue to review departmental strategic plans, measures and results to determine if programs and services are achieving the desired results
  - Finance reviewed strategic plans, measures and performance reports for all participating departments and agencies. The quality and thoroughness of plans continues to improve, with particular progress noted in terms of beginning to publish plans and report on performance results.
- Continue to issue timely economic forecasts, reports and analyses
  - Provided economic forecasts, reports and analysis at various stages of the budget planning process.
- Continue to optimize the Government's cost of borrowing
  - Positioned the Province in global financial markets to enable the Government to access cost-effective financing.

- The weighted average cost of government debt issued in 2002-03 was 5.07 per cent. Each borrowing met or exceeded applicable benchmark interest rates, and the absolute cost of these issues was the lowest in at least 30 years.

In addition to progress made on planned actions, another key accomplishment included:

- Department officials are collecting data on debt to GDP levels of other governments around the world, both sovereign and sub-sovereign, to comparatively evaluate Saskatchewan's debt financing position.

  Based on research to date, a target debt to GDP level could take the form of:
  - Relative standing in comparison to other governments (either other Canadian provinces or governments with similar economies); or,
  - A specific target or target range.

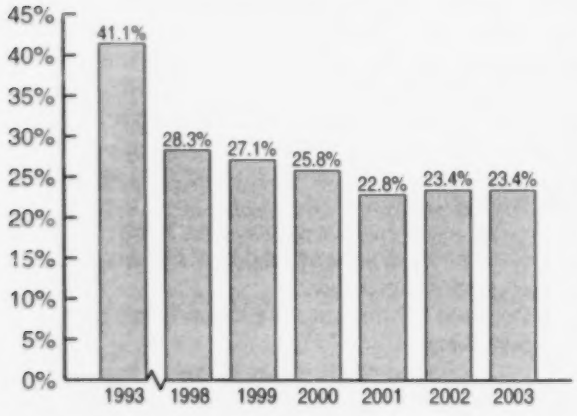
Measurement Results

Government Debt to GDP Ratio

The Public Accounts at March 31, 2002 and March 31, 2003 showed a Government Debt to GDP ratio of 23.4 per cent, indicating no change in debt to GDP ratio over last year.

Since 1993, Government debt as a percentage of GDP has declined significantly. At March 31, 1993, the debt to GDP ratio was 41.4 per cent, 18.0 percentage points higher than the current ratio.

Government Debt as a percentage of GDP
Source: Department of Finance

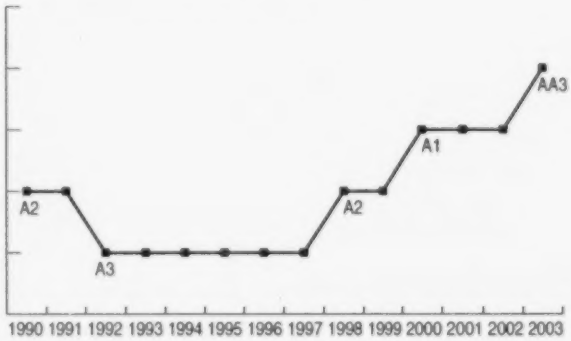


Credit Ratings

During 2002-03, the Province received a credit rating upgrade from Moody's Investors Service, increasing Saskatchewan's rating from A1 to Aa3. Standard & Poor's and Dominion Bond Rating Service maintained their ratings at A+ and A, respectively.

Over the past eight years, the province has received 10 credit rating upgrades as a result of the improvement in the province's financial position.

Moody's Investors Service Credit Rating for Saskatchewan (As of March 31)
Source: Department of Finance



Goal 2 – Saskatchewan is a Prosperous and Socially Responsible Province

Objective 1 – A simple, fair, competitive tax structure

A simple, fair and competitive tax structure promotes prosperity, while enhancing social responsibility, by ensuring adequate resources for the delivery of important public services. Competitive taxes are a key feature in Saskatchewan's ability to compete for jobs and investments.

During 2002-03, Saskatchewan completed the three-year implementation of the tax-on-income personal income tax structure when the final changes announced in the 2000-01 Budget came into effect on January 1, 2003. The final stage of the implementation included lower tax rates for all three brackets, a broader range for the middle tax bracket and increases to Saskatchewan's special tax credit amounts for dependent children and seniors.

Key Results

The key actions originally presented in our 2002-03 plan are shown below, followed by our actual progress towards the key action. Results have been included for all key actions and performance measures that were published in our 2002-03 Performance Plan, unless disclosed.

- Continue implementation of the personal tax reforms introduced in the 2000-01 Budget
- The new personal income tax structure was fully implemented as of January 1, 2003. The following changes took effect:
  - Reductions to the three income tax rates (the lower tax rate was reduced from 11.25% to 11.00%, the middle tax rate was reduced from 13.25% to 13.0% and the top tax rate was reduced from 15.5% to 15.0%).
  - Income tax brackets were expanded. Income eligible to be taxed at the lowest rate increased from $30,000 to $35,000. Saskatchewan's middle income tax bracket was expanded to include income between $35,000 and $100,000 and the top tax bracket applies to income in excess of $100,000.
  - The child tax credit was increased by $500 to $2,500.
  - The senior supplement tax credit was increased by $250 to $1,000.
- Complete federal-provincial discussions on the tax collection agreements
  - Federal-provincial discussions on tax collection agreements are ongoing. The federal government has made a commitment to complete these discussions during 2003-04.
- Review fees and charges that have been identified by Saskatchewan businesses
  - Finance regularly presents to Treasury Board its analysis of fees and charges that have been identified for review by either the Saskatchewan business community or any government Department or Agency.
- Complete taxation arrangements with First Nations and on-reserve retailers
  - As of March 31, 2003, taxation arrangements have been made with 85 on-reserve stores in 57 First Nations. This represents approximately 95 per cent of First Nations with on-reserve stores.

In addition to progress made on planned actions, other key accomplishments included:

- Amending *The Corporation Capital Tax Act*, effective January 1, 2002, to increase the Corporation Capital Tax exemption from $10 million to as much as $15 million, depending upon the extent of a company's business presence in Saskatchewan.
- Amending *The Income Tax Act, 2000* to improve access to the Scientific Research and Experimental Development Tax Credit by extending the carry-forward provision from seven to 10 years.
- Amending *The Income Tax Act, 2000* to expand the definition of manufacturing and processing to include electrical production to encourage green power development in the province.
- Passing regulations, effective for the 2001 taxation year, relating to the Farm and Small Business Capital Gains Tax Credit, which reduces the provincial income tax rate on capital gains resulting from the disposition of qualifying farm property and small business shares.
- Simplifying tax compliance for small businesses by doubling sales tax filing and remittance thresholds effective July 1, 2002.

Measurement Results

The level of average income and sales taxes of taxpayers

Taxes are a major mechanism for governments to raise revenue to fund key public services like health care and education. While the Department seeks to hold tax levels as low as possible, a key element of Saskatchewan's tax regime is that it provides adequate resources to both finance its programs and ensure financial stability for the Province.

The tax reform introduced in the 2000-01 Budget and fully implemented in 2002-03 has reduced the taxes paid by Saskatchewan taxpayers. This is illustrated in the following table.

Personal Income and Sales Tax Payable	Taxation Year		
Family Profile	**2000**	**2001**	**2002**
Single Parent @ $25,000	$862	$691	$619
One Income Family @ $50,000	$5,446	$4,486	$4,284
Two Income Family @ $75,000	$7,417	$6,983	$6,721

Source: Department of Finance

Tax ranking with other provinces

The provincial taxes paid by representative Saskatchewan taxpayers continue to be in the "middle of the pack", based upon a comparison of what these taxpayers would pay if Saskatchewan adopted the tax regimes of the other Canadian provinces. This is summarized in the following table.

Tax Ranking of Representative Taxpayers	Taxation Year		
Family Profile	**2000**	**2001**	**2002**
Single Parent @ $25,000	5th Lowest	5th Lowest	4th Lowest
One Income Family @ $50,000	5th Lowest	4th Lowest	4th Lowest
Two Income Family @ $75,000	4th Lowest	4th Lowest	4th Lowest

Source: Department of Finance

Tax progressiveness index

Saskatchewan's new tax strategy enhances the progressiveness of the tax system. The combined effect of the progressive tax rate structure, the higher personal tax credits, including a new child tax credit, and the introduction of the Saskatchewan Sales Tax Credit created a very progressive application of tax.

This improvement in the tax system's progressiveness is demonstrated in the following table, which depicts the amount of tax payable by a family earning $100,000 as an index based on the amount of tax payable by a family earning $25,000.

The progressiveness index reflects the greater proportion of tax that a higher income family pays relative to a lower income family – the higher the index, the more progressive the tax system.

Improving Tax Progressiveness	2000	2001	2002
Progressiveness index*	12.0	15.0	17.1

* The progressiveness index is determined by dividing the combined income and sales taxes payable by a family earning $100,000 by the combined income and sales taxes payable by a family earning $25,000, which represents the base index of one.
Source: Department of Finance

Goal 3 – Government is Accountable for Its Revenues, Expenditures and Results

Objective 1 – Effective government planning, performance measurement and reporting

Effective planning, performance measurement and reporting provide the foundation for enhanced accountability from departments back to decision-makers and the public. It ensures departments remain focused on the needs and expectations of the people they serve and increases understanding of government's long-term plans and its financial and non-financial results.

The Department, in partnership with other departments and central agencies, made significant gains in implementing a managing for results approach within executive government during 2002-03. From an internal perspective, all departments plus SPMC and SLGA participated in the planning process during the year, developing a sound basis for tracking and reporting on departmental progress at year-end. From a public perspective, nine departments released 2002-03 performance plans as the first step in a phased approach to enhanced reporting of plans and results; most other departments were significantly impacted by the March 2002 government restructuring and therefore needed time to rework their plans to align with their new mandates and will release plans in 2003-04.

Continued strong financial reporting is also key to strong accountability. Timely, reliable and relevant financial information provides the necessary accounting for the receipt and spending of public funds.

Key Results

The key actions originally presented in our 2002-03 plan are shown below, followed by our actual progress towards the key action. Results have been included for all key actions and performance measures that were published in our 2002-03 Performance Plan, unless disclosed.

- Improve reporting by phasing in the public release of department performance plans, releasing a mid-year Budget update on progress and focusing department annual reports on performance measures and results
  - Nine departments released 2002-03 performance plans as part of their 2001-02 Annual Reports. These plans set out each department's direction for the coming year and form the basis for public reporting of performance results in 2002-03 Annual Reports in July 2003. This was the first step in a phased approach to enhancing public reporting of performance plans and results as a part of the Government-wide Accountability Framework.
  - Annual reports were more timely. *The Tabling of Documents Act* provides for a multi-year phase-in of more timely tabling dates; for 2001-02 department annual reports, the tabling date was within 150 days after the end of the fiscal year (end of August) compared to 180 days in the previous year.
  - Released a Mid-Year Budget Report Card, in conjunction with the Mid-Year Report, reporting on actual progress to date on each commitment made in the 2002-03 Budget.
  - Worked with Executive Government Departments, SLGA and SPMC to support development of sound strategic plans and performance measures for the 2003-04 fiscal year.
  - Released a high-level, Government-wide statement of direction and priorities with the 2003-04 Budget entitled *Our Plan for 2003-04*. This document sets out initiatives planned in support of four overriding government themes and indicates the department accountable for completing each initiative and reporting on the results achieved. Departments will report back on actual results in their 2003-04 Annual Reports.
  - Conducted significant research and background work on the development of new Public Performance Reporting Guidelines that will enhance public reporting of department performance plans and annual results.
- Promote greater public understanding of financial decisions and Budget initiatives
  - Issued seven news releases explaining specific budget highlights.
  - Conducted a province-wide newspaper advertising campaign to explain budget spending.
  - Posted all budget publications on the Government's Internet site in addition to mailing publications to key stakeholders.
- Prepare and release the Province's Public Accounts on a timely basis
  - Volume 1 of the Public Accounts was released on August 1, 2002. This was one of the earliest release dates of any jurisdiction in Canada.
- Prepare and release quarterly financial reports
  - For the first time, financial reports were released at the end of the first, second and third quarters.

In addition to progress made on planned actions, other key accomplishments included:

- Promoting the timely preparation and tabling of financial statements by raising the awareness of the importance of timely information with management of Treasury Board crowns and agencies.
- Assuming responsibility for *The Tabling of Documents Act*.
- Providing timely turnaround on financial statements submitted for approval.

Measurement Results

Financial reports for timeliness, reliability and relevance

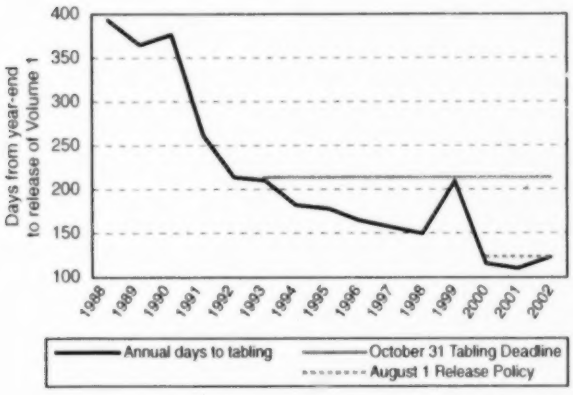
Timely, reliable and relevant financial reports provide the public with the means to evaluate government performance. This measure includes the date that the Public Accounts are released and the number of audit qualifications received.

In 1993, *The Financial Administration Act* was revised to require the Public Accounts to be tabled by October 31. In 2000, the Government

established a practise of tabling Volume 1 of the Public Accounts on or before August 1.

The following chart shows how timeliness of Volume 1 of the Public Accounts has improved over the past fifteen years.

Timeliness Trend
Release of Volume 1 of the Public Accounts
Source: Department of Finance



Volume 1 of the 2000-01 Public Accounts was released by August 1, 2001 and Volume 1 of the 2001-02 Public Accounts was released on August 1, 2002. In each of the fiscal years there were no qualifications to the summary financial statements, and only two audit qualifications to the GRF.

Financial statements were also timelier. The Tabling of Documents Act provides for a multi-year phase-in of more timely tabling dates. For 2001-02 financial statements of Treasury Board crowns and agencies, the tabling date was 150 days after the end of the fiscal year (end of August) compared to 180 days in the previous year and 210 days two years earlier.

Objective 2 – Effective government-wide financial management practices

Effective government-wide financial management practices are essential to the operation of government. The Department of Finance is committed to a high standard concerning financial systems and practices for managing public resources and achieving fiscal accountability. The Department provides direction to and works with other departments and agencies to ensure appropriate financial management practices are employed.

Key Results

The key actions originally presented in our 2002-03 plan are shown below, followed by our actual progress towards the key action. Results have been included for all key actions and performance measures that were published in our 2002-03 Performance Plan, unless disclosed.

- Develop, implement and monitor financial policies and procedures for the Government and conduct internal control reviews of the financial systems of government departments
  - In February 2003, the Department of Finance issued the new on-line Financial Administration Manual (FAM) for departments and other government organizations. FAM communicates, in a clear and informative manner, Treasury Board policies and Provincial Comptroller directives for the control, management and accounting for government resources. FAM also contains updated procedures and clear direction on the applicability of policies.
  - Reviewed and evaluated the internal controls for 89 financial management systems/processes.
- Complete Phase 1 of the replacement of the current Base Financial System on time and within budget
  - Base Financials, including General Ledger, Accounts Payable, Accounts Receivable and Purchasing, were implemented April 1, 2003 as planned.

Measurement Results

Number of significant deficiencies that were detected but not appropriately addressed by the affected departments.

The Government must have effective financial management policies and procedures in place and functioning properly to ensure that public funds are received, recorded and disbursed properly and as directed by the Legislature.

During the past four years, the affected departments appropriately addressed all detected significant deficiencies.

Source: Department of Finance

The successful completion of the Base Financial System replacement on time and within budget.

During 2000-01, Government approved, in principal, the replacement of the central systems over five years. Base Financials were successfully implemented on time and within budget on April 1, 2003. To date, funding of $13.0 million has been budgeted for the project and $12.25 million was spent.

This measure is project based, therefore trend information is not available.

Source: Department of Finance

Goal 4 – Saskatchewan Finance Provides Excellent Services to Its Clients

Objective 1 – Accurate and timely information and services

The Department is committed to serving its clients – individuals and businesses, government departments and decision-makers, and the public at large – with integrity and professionalism.

During 2002-03, the Department responded to individuals' questions and requests about tax information promptly while processing their refunds efficiently. Access to information about the Department was improved through a redesigned website.

Key Results

The key actions originally presented in our 2002-03 plan are shown below, followed by our actual progress towards the key action. Results have been included for all key actions and performance measures that were published in our 2002-03 Performance Plan, unless disclosed.

- Improve access to information through a redesigned Internet website
  - The Finance website has been redesigned to improve navigation, to attract the public and meet their changing needs, and to introduce new technologies. The new site is clear, up-to-date and accurate. All forms and publications are on line in a central repository, as well as tax bulletins, which also offer notification of updates by the use of subscription services.
- Respond promptly to requests for tax information
  - Requests for tax information are typically handled within 24 hours. Tax rulings are generally handled within five working days.
- Process tax refunds efficiently
  - Refunds are normally paid within 21 days of receiving all required documentation. Interest is paid on all refunds exceeding 21 days. In 2002-03 interest was paid on less than three per cent of the refunds processed.

Measurement Results

Client satisfaction through surveys

The Department committed to conducting surveys of businesses collecting taxes on behalf of Government in 2002-03. The client satisfaction surveys indicated that 93.5 per cent of businesses that collect taxes on behalf of the Government are satisfied with the Department's quality of service. 91.5 per cent of the businesses are satisfied with the Department's timeliness of responses, refunds and adjustments.

As this is the first client survey undertaken, trend information is not available.

Source: Department of Finance

Objective 2 – Ease of tax compliance

We worked closely with the Government's Information Technology Office (ITO) to respond to the growing public demand for fast, timely delivery of services and information. The progress made by the government as a whole allowed us to continue to develop innovative solutions, such as the Saskatchewan Electronic Tax Service (SETS), which went live in September 2001. We believe SETS is the first electronic tax filing system of its kind in Canada.

Key Results

- Fully implement e-filing for businesses and farmers
  - The Saskatchewan Electronic Tax Service was further developed in 2002-03 to include

tax returns under the International Fuel Tax Agreement (IFTA). The IFTA enhancement will be implemented in the first quarter of 2003-04. Once implementation is complete, e-filing will be fully implemented for all major tax programs administered by the Department.

- Contact all businesses encouraging use of e-filing
  - All businesses were notified of their ability to file tax returns using the Internet. An information stuffer was included in the monthly, quarterly and annual tax returns mailed in December 2002.
- Fully implement up-front gasoline tax exemption for farmers
  - Farmers continue to have the option to purchase bulk gasoline tax-free at source. Farmers purchased approximately 91 per cent of their gasoline tax-free during the 2002 calendar year.

Measurement Results

Businesses or farmers filing or accessing accounts online

During 2001-02, 740 businesses filed returns or accessed their accounts online and 2,072 farmers applied for fuel tax rebates online. These numbers increased in 2002-03 as 2,327 businesses filed returns or accessed their accounts online while 4,056 farmers applied for fuel tax rebates online. From 2001-02 to 2002-03, 1,587 more businesses and 1,984 more farmers are taking advantage of a service provided by the Department to ease tax compliance.

As this service has only been available since 2000-01, trend information is limited.

Source: Department of Finance

2002-03 Financial Results

PROGRAM	(thousands of dollars) Budget Estimate 2002-03	Actual 2002-03	Variance 2002-03	Notes
Administration	**3,437**	**3,621**	**184**	1
Accommodation and Central Services	**2,246**	**2,083**	**(163)**	2
Treasury and Debt Management	**2,161**	**2,088**	**(73)**	
Provincial Comptroller	**11,438**	**11,405**	**(33)**	
Budget Analysis	**4,206**	**3,853**	**(353)**	3
Revenue	**14,602**	**14,325**	**(277)**	3
Revenue Division	10,656	10,413	(243)	
Allowance for Doubtful Accounts	1,400	1,400	0	
CCRA Income Tax Administration	1,246	1,212	(34)	
Driver Licence Photo Identification Program	1,300	1,300	0	
Personnel Policy Secretariat	**387**	**251**	**(136)**	3
Miscellaneous Payments	**95**	**20**	**(75)**	
Bonding of Public Officials	20	17	(3)	
Unforeseen and Unprovided for	50	3	(47)	
Implementation of Guarantees (Statutory)	25	0	(25)	
Pension and Benefits*	**188,713**	**184,824**	**(3,889)**	
Public Service Superannuation Plan (Statutory)	93,435	94,160	725	4
Members of the Legislative Assembly Superannuation Plan (Statutory)	3,008	2,829	(179)	
Judges Superannuation Plan (Statutory)	1,711	1,643	(68)	
Municipal Employees' Pension Plan	4	0	(4)	
Public Employees' Pension Plan	29,616	29,665	49	
Canada Pension Plan – Employer's Contribution	20,003	19,059	(944)	5
Employment Insurance – Employer's Contribution	12,579	12,306	(273)	5
Workers' Compensation – Employer's Assessment	6,032	5,353	(679)	5
Employees' Benefit – Employer's Contribution	20,852	18,990	(1,862)	5,6
Services to Public Service Superannuation Plan Members	1,223	1,136	(87)	
Public Employees' Benefits Agency Revolving Fund - Subsidy	-	-	-	
Net Financing Requirements (Statutory)	250	(317)	(567)	7
Total	**$ 227,285**	**$ 222,470**	**$ (4,815)**	

* These expenditures represent the employer paid portion of government pension and benefit programs and are paid by the Department of Finance on behalf of all executive government departments and agencies.

Explanations for variances.

1. Increased IT expenditures.
2. Lower rent expenses.
3. Lower salary costs.
4. More pensioners than anticipated.
5. Lower-than-anticipated employer contributions as a result of government downsizing.
6. Budgeted Dental Plan increase was not required.
7. Deferral of planned capital expenditures.

Our Plan for 2003-04 and Beyond

Overview of Plan for 2003-04 and Beyond

The purpose of the annual report is not only to look back at the year past, but also to look forward – to provide a forecast of the challenges and opportunities ahead, and how we plan to address them. This section of our report lays out our plans for the future. It identifies the outcomes we are working towards to continue to pursue accountable, fiscally responsible government, prosperity and social well-being.

This is the second performance plan publicly released by the Department of Finance. The Performance Plan will continue to evolve over time as the strategic planning, performance management and public reporting processes mature and stakeholder feedback is incorporated.

The goals and objectives identified in the plan are multi-year in nature. Over time we will work towards achieving our objectives in support of meeting our broader long-term goals. For each objective, a series of key actions for the 2003-04 fiscal year has been developed that support advancements towards the objective.

Plan at a Glance

Below is a summary of our plan for 2003-04 and beyond. The goals and objectives articulate the outcomes the department is pursuing, which support advancement towards our vision. The performance measures are one of the key tools we will use to gauge our progress towards our objectives.

Our Vision

As a leading Canadian finance department, Saskatchewan Finance pursues accountable, fiscally responsible government, prosperity and social well-being.

Goal 1 – Saskatchewan is fiscally strong and stable

Objective 1 – A sound financial plan

Performance Measures:
- Government Debt/GDP Ratio
- Credit Ratings

Goal 2 – Saskatchewan is a prosperous and socially responsible Province

Objective 1 – A simple, fair, competitive tax structure

Performance Measures:
- Income taxes and sales taxes paid by representative taxpayers
- Inter-provincial tax comparisons for selected average family profiles
- Tax progressiveness index

Goal 3 – Government is accountable for its revenues, expenditures and results

Objective 1 – Effective government planning, performance measurement and reporting

Performance Measures:
- Number of departments that publicly release performance plans and results
- Timeliness, reliability and relevance of the General Revenue Fund and Summary Financial Statements
- Number of audit qualifications on the Province's Summary Financial Statements and on the General Revenue Fund financial statements

Objective 2 – Effective government-wide financial management practices

Performance Measures:
- Number of significant deficiencies that were not appropriately addressed by the affected departments
- The successful completion of MIDAS on time and within budget

Goal 4 – Saskatchewan Finance provides excellent services to its clients

Objective 1 – Accurate and timely information and services

- Per cent of businesses, which collect taxes on behalf of Government, that are satisfied with the Department's quality of service
- Per cent of businesses, which collect taxes on behalf of Government, that are satisfied with the Department's timeliness of responses, refunds and adjustments

Objective 2 – Ease of tax compliance

Performance Measures:
- Number of businesses and farmers using SETS
- Percentage of gasoline purchased tax-free by farmers

2003-04 Budget Overview

The Department's overall budget for 2003-04 is $239.7 million. Of this amount, $39.5 million is budgeted for the operations of the Department of Finance. The remaining $200.2 million is budgeted for payments to public service pensions and benefits.

The following table lists the 2003-04 breakdown of department spending by function.

2003-04 Budget	**(thousands of dollars)**
Administration	3,417
Accommodation and Central Services	2,246
Treasury and Debt Management	2,593
Provincial Comptroller	11,723
Budget Analysis	4,336
Revenue	14,772
Personnel Policy Secretariat	307
Miscellaneous Payments	95
Finance Operations	**39,489**
Public Service Pensions and Benefits	200,174
Total	**$ 239,663**

Trends and Issues

The Department of Finance is committed to leadership and innovation in the development of public policy and the practice of public financial management. Accomplishments in 2002-03 provide a solid foundation on which we will continue to improve service to other agencies of government and to the people of Saskatchewan.

While the non-agricultural sector of the Saskatchewan economy continued to advance in recent years, overall, real Gross Domestic Product tumbled due to the extremely poor harvests. A return to a normal crop harvest and higher oil and natural gas production should provide the much-needed boost to economic growth in 2003. Maintaining export levels in the face of a strengthening Canadian dollar and a slowing US economy will be a key challenge. Advice and support to Treasury Board and Cabinet on the status of the economic outlook and its impact on the Province's finances will be provided on an ongoing basis.

The Department is expected to monitor both internal and external pressures on the provincial tax system and analyze the effects those pressures may have on the fairness and competitiveness of the tax system. For the upcoming year, Finance also expects to complete negotiations respecting the renewal of major federal-provincial fiscal agreements (the income tax collection agreements and the Equalization program). Finally, the Department expects to continue to work with our partners on a number of ongoing intergovernmental issues (including the Canada Health and Social Transfer and First Nations taxation).

The accounting profession has recommended and is currently examining a number of changes that are likely to have a significant impact on the government accounting environment. For example, the accounting profession has recommended that by no later than 2005-06, governments adopt the 'private sector model' or 'full accrual model' when it comes to reporting capital assets. Also, recommendations regarding the government reporting entity are expected in the next year. Significant work will be required to properly evaluate the recommendations and provide advice to government about their potential impact on Saskatchewan.

Over the past 10 years, the Government of Saskatchewan has made many improvements to financial reporting and accountability. The Department of Finance is working in partnership with Executive Council and departments to strengthen planning and performance reporting. The emphasis is on accountability for results – articulating desired outcomes, measuring whether government services are successful and reporting back on actual results.

Phase 1 of the MIDAS project to replace the Government's outdated financial systems was

completed April 1, 2003. Challenges continue through the next three years as the remaining phases of the project (Capital Assets, Human Resources and Payroll) are completed and the employees adapt to the new system.

Changes From 2002-03 Performance Plan

The goals and objectives remain unchanged from the 2002-03 Performance Plan while performance measures have been updated. The following performance measures have been added to the 2003-04 Performance Plan.

- Number of departments that publicly release performance plans and results
- Percentage of gasoline purchased tax-free by farmers

Where We Are Headed, What We Intend To Do and How We Will Measure Progress

This section of the report lays out our plans for the future. It identifies the actions we are undertaking and the outcomes we are working towards to attain our vision of pursuing accountable, fiscally responsible government, prosperity and social well-being. In addition, it identifies a set of performance measures that will be used to gauge our progress towards our longer-term objectives.

<table>
<tr><th colspan="2">Goal 1 – Saskatchewan is fiscally strong and stable</th></tr>
<tr><td>Objective 1: A sound financial plan

Fiscal strength and stability are important indicators for those who live in our Province, and those who are looking to invest. The Department contributes to the Province through the development of a sound financial plan. Sound financial planning is a key component in assisting government decision-makers to develop and deliver annual budgets and effectively allocate public resources.</td><td>Key Actions for 2003-04

• On an ongoing basis, operate a budget process that provides decision-makers with realistic program options and the information necessary to analyze those options.
• Issue timely economic and fiscal forecasts, reports and analysis, as well as fiscal strategies and options, to achieve the Government's financial plan within The Balanced Budget Act and The Fiscal Stabilization Fund Act.
• Implement a Summary Financial Plan to be presented with the annual budget.
• On an ongoing basis, optimize the Government's cost of borrowing through:
- strategic financing;
- cash management; and,
- debt administration and foreign exchange and risk management.
• Work with federal, provincial and territorial governments to address the fiscal imbalance existing between federal/provincial responsibilities and revenues.</td></tr>
<tr><td><u>What are we measuring?</u>

Government Debt/GDP Ratio

Gross Domestic Product (GDP) is the total value of all goods and services produced in the economy.

Government Debt is the debt incurred to fund deficits and cash shortfalls that must be repaid using future government receipts. This does not include debt incurred for and repayable by Crown corporations.

Investor confidence is influenced by this ratio because it provides investors with a measure of the Province's debt relative to the income available to manage that debt.</td><td><u>Where are we starting from?</u>

23.4 per cent
(March 31, 2003)</td></tr>
</table>

The Department is able to influence many of the factors that contribute to the size of the Government's debt and GDP levels by providing advice to decision-makers and adhering to prudent debt management policies. However, factors such as the state of the global, North American and Canadian economies are beyond the Department's control.	
What are we measuring? *Credit ratings* A credit rating is an evaluation by an independent, objective agency of a borrower's capability to service and repay debt. The borrower may be a private firm, or a public entity such as a provincial or national government. An upgrade in a borrower's credit rating means there has been an improvement in that borrower's financial position. Factors used to reach a credit rating include: • government structure and intergovernmental relations • economy • budget • financial position • policy direction and overall management ability	Where are we starting from? At March 31, 2003, Saskatchewan's credit ratings were: • Standard & Poor's: A+ • Moody's Investors Service: Aa3 • Dominion Bond Rating Service: A

Goal 2 – Saskatchewan is a prosperous and socially responsible province

Objective 1: A simple, fair, competitive tax structure A simple, fair and competitive tax structure promotes prosperity through tax competitiveness, and enhances social responsibility by ensuring adequate resources for important public services. Competitive taxes are a key feature in a jurisdiction's ability to compete for jobs and investments.	**Key Actions for 2003-04** • Starting in 2004, the personal income tax system will be fully indexed to inflation. • Improve the competitiveness of Saskatchewan small business corporations by lowering the small business Corporate Income Tax rate from six per cent to 5.5 per cent effective January 1, 2004 and to five per cent effective January 1, 2005. • Improve business tax competitiveness by expanding the incremental Corporation Capital Tax exemption which depends upon the extent of a company's business presence in Saskatchewan from $15.0 million to $17.5 million effective January 1, 2004 and $20.0 million effective January 1, 2005.

	• Complete federal-provincial negotiations on revised income tax collection agreements. • Continue to provide approximately $240 million per year in tax exemptions and rebates for farm input costs, including the Provincial Sales Tax (PST) exemption for major farm inputs, the PST rebate for livestock and horticultural facilities and the fuel tax exemption for farm activities. • Continue to offer a 15 per cent corporate income tax credit to encourage private sector investment in research and development and the expansion of knowledge-based industries in the province.
What are we measuring? *Income and sales taxes paid by representative taxpayers* While tax levels are held as low as possible, a key requirement of the tax regime is that it provides adequate resources to the Province to finance the Government's program responsibilities in areas such as health and education. The Department's influence in this area is through the ongoing advice it provides to decision-makers about revenue policy issues.	Where are we starting from? As of 2002, taxes were as follows: • Single parent earning $25,000 paid $619 • One income family earning $50,000 paid $4,284 • Two income family earning $75,000 paid $6,721
What are we measuring? *Inter-provincial tax comparisons for selected average family profiles* Comparisons of the Saskatchewan taxes paid by representative taxpayers to the taxes paid by those taxpayers if the Province adopted the tax regimes of other provinces provide an indication of the competitiveness of Saskatchewan's tax regime. The Department's influence in this area is through the ongoing advice it provides to decision-makers about revenue policy issues.	Where are we starting from? As of 2002, our rankings were as follows: • Single parent earning $25,000 – 4th lowest • One income family earning $50,000 – 4th lowest • Two income family earning $75,000 – 4th lowest

What are we measuring?	Where are we starting from?
Tax progressiveness index The Department's progressiveness index compares the level of income and sales taxes paid by a lower income family to a family with a higher income to provide a reflection of the progressiveness of the tax system – the higher the index value, the more progressive the tax system is. The Department's influence in this area is through the ongoing advice it provides to decision-makers about revenue policy issues.	As of 2002, the progressiveness index has risen to 17.1

Goal 3 – Government is accountable for its revenues, expenditures and results

Objective 1: Effective government planning, performance measurement and reporting

Throughout Canada, the United States and elsewhere, standards for public accountability are changing. In addition to a continued emphasis on timely and accurate reporting of financial results, there is increasing interest in performance results – measuring whether government programs and policies are achieving their stated objectives and making a difference in peoples' lives. Saskatchewan's approach to strengthening accountability builds upon the many improvements made to financial reporting and accountability over the past number of years by developing and implementing a managing for results approach within executive government. The Department of Finance is responsible for leading implementation of an Accountability Framework designed to improve planning, performance measurement and reporting within government departments. This approach will lead to more and better information for managers and decision-makers, enhanced accountability to the public, and, ultimately, improved government performance.

Continued strong financial reporting is also key to strong accountability. Timely, reliable and relevant financial information provides the necessary accounting for the receipt and spending of public funds.

Key Actions for 2003-04

- Implement new reporting guidelines for executive government to improve the rigor, quality and timeliness of 2002-03 department Annual Reports and continue implementation of phased improvements to reporting, focusing on risk assessment and data controls
- Expand the Department of Finance's website to include information on the Government's Accountability Project, to enhance communications and support for departments and to strengthen public accountability
- Prepare a Mid-Year Report on results to date associated with *Our Plan for 2003-04* and further develop government-wide planning and reporting for 2004-05 and beyond
- Support departments in implementing a planning and measurement approach throughout their organizations and using results information in management decision-making.
- Improve timeliness of financial statements of Treasury Board crowns and agencies by promoting and monitoring compliance with the new *Tabling of Documents Act.*
- Prepare and release the Province's Public Accounts by August 1.
- Prepare and release quarterly financial reports.

What are we measuring?	Where are we starting from?
Number of departments that publicly release performance plans and results Enhanced public reporting of government's plans and results is fundamental to achieving government's public commitment to the Accountability Project. Departments are now expected to release their plans (goals, objectives, key actions, performance measures and baselines) near to the start of the fiscal year and to release their actual performance results (key actions and performance measures) at the end of the year within the timelines set out in *The Tabling of Documents Act*. While this is a short-term output measure, it does gauge the progress made in achieving the implementation of reporting of plans and results by all Government departments according to the Government-wide Accountability Framework. Finance develops planning and reporting guidelines, sets annual expectations and works with other central agencies to support departments and Treasury Board in implementing our new approach to reporting. However, individual departments and agencies are responsible for preparing their own annual performance plans and results reports.	• nine departments released 2002-03 performance plans (in August 2002) • 0 departments have released performance results
What are we measuring?	Where are we starting from?
Timeliness, reliability and relevance of the General Revenue Fund and Summary Financial Statements *Number of audit qualifications on the Province's General Revenue Fund financial statements and on the Summary Financial Statements* General Revenue Fund financial statements are prepared to account for the moneys appropriated by the Legislative Assembly. Summary Financial Statements are prepared to account for the full nature and extent of the financial activities authorized by the Legislative Assembly and administered through government departments, special funds, agencies and enterprises.	Volume 1 of the 2001-02 Public Accounts was released on August 1, 2002 and there were no qualifications to the Summary Financial Statements, and only two audit qualifications to the General Revenue Fund.

Timely, reliable and relevant financial information provides the necessary accounting for the receipt and spending of public funds. Financial reports also provide the public with the means to evaluate government performance. This measure includes the date that the Public Accounts are released and the number of audit qualifications received. The Department has significant influence over the preparation of the Public Accounts.	
Objective 2: Effective government-wide financial management practices Effective government-wide financial practices are essential to the operation of government. The Department of Finance is committed to a high standard concerning financial systems and practices for managing resources and achieving fiscal accountability. The Department provides direction to and works with other departments and agencies to ensure appropriate financial management practices are employed.	**Key Actions for 2003-04** • Plan to develop, implement and monitor financial policies and procedures for the Government, in part by providing training and advice to departments on the Financial Administration Manual (FAM), implementing a strategy for ongoing review and updates to FAM and addressing priority items identified for update in 2003-04. • Through our cyclical risk analysis process, we plan to assess the internal controls on approximately 110 financial programs and processes. Where improvements are required, effective solutions will be recommended for implementation. • Complete the implementation of the Budgeting and Forecasting components of MIDAS Phase 1 by October 1, 2003. • Complete the MIDAS Phase 2 (Extended Financials) components and implement them during the 2003-04 fiscal year. • The analysis of MIDAS Phase 3 (Human Resources/Payroll) will be completed in the 2003-04 fiscal year.

What are we measuring?	Where are we starting from?
Number of significant deficiencies that were not appropriately addressed by the affected departments The Government must have effective financial management policies and procedures in place and functioning properly to ensure that public funds are received, recorded and disbursed properly and as directed by the Legislature. The Department, through the authority of *The Financial Administration Act*, can influence departments to make changes, where significant deficiencies are detected and which require improvement.	0 (2002-03)
What are we measuring?	Where are we starting from?
The successful completion of MIDAS on time and within budget MIDAS is a new government-wide system to replace our 17 year old financial, human resources and payroll systems. It is a state-of the-art web-based system that will support the future needs of the Government. It will improve our effectiveness through use of workflow to automate approvals and avoid entry of data into multiple systems. It will improve our access to integrated financial information and will support new functionality for the budgeting and forecasting processes. In order to provide the financial services required by the Government, it is critical that the Department implement each phase of the new Base Financial System on time and within budget, and that the new system meets the needs of the users. The Department has significant influence over all aspects of the MIDAS project, including the time and cost required to complete each phase.	The first phase of MIDAS was launched in 2001-02. It was successfully completed during 2002-03 and implemented on time and under budget on April 1, 2003.

Goal 4 – Saskatchewan Finance provides excellent services to its clients.	
Objective 1: Accurate and timely information and services The Department is committed to serving its clients – individuals and businesses, government departments and decision-makers, and the public at large – with integrity and professionalism. We continually seek ways to respond more effectively and efficiently to our clients' needs.	**Key Actions for 2003-04** • Review and prepare survey (to be conducted in 2004-05) for businesses collecting taxes. • Respond to most requests for tax information within 24 hours and provide accurate information. • Process tax refunds within 21 days of receiving all required documentation
What are we measuring? *Per cent of businesses, which collect taxes on behalf of government, that are satisfied with the Department's quality of service* The Department has committed to conducting surveys of businesses collecting taxes on behalf of Government. This allows businesses to evaluate the Department's performance and helps the Department determine how its services may be improved. This survey is conducted every two years, therefore the Department will report on results again in 2004-05.	Where are we starting from? 93.5 per cent (2002-03)
What are we measuring? *Per cent of businesses, which collect taxes on behalf of government, that are satisfied with the Department's timeliness of responses, refunds and adjustments* The Department has committed to conducting surveys of businesses collecting taxes on behalf of Government. This allows businesses to evaluate the Department's performance and helps the Department determine how its services may be improved This survey is conducted every two years, therefore the Department will report on results again in 2004-05.	Where are we starting from? 91.5 per cent (2002-03)

Objective 2: Ease of tax compliance The Department wants to ensure that its clients can report taxes owing or obtain tax benefits as easily as possible. This helps reduce compliance costs for clients.	**Key Actions for 2003-04** • The Saskatchewan Electronic Tax Service (SETS) is being enhanced to include tax returns under the International Fuel Tax Agreement (IFTA). Once the IFTA enhancement is implemented in the first quarter of 2003-04, e-filing will be fully implemented for all major tax programs administered by the Department. • Continue to encourage businesses and farmers to use SETS. • Continue with the farm use gasoline tax exemption at source.
What are we measuring? *Number of businesses and farmers using SETS* This is measured by the number of businesses that submit their tax returns or access their tax accounts using the online filing system. It also measures the number of farmers applying for fuel tax rebates online. The measure indicates how many businesses and farmers are taking advantage of a service provided by the Department to ease tax compliance. The Department's influence over this measure is limited to the extent that it can only encourage businesses and farmers to submit electronically. They may still choose to do so manually.	Where are we starting from? During 2002-03, 2,327 businesses filed returns or accessed their accounts online and 4,056 farmers applied for fuel tax rebates online.
What are we measuring? *Percentage of gasoline purchased tax-free by farmers* The degree to which farmers purchase gasoline tax-free at source rather than applying for a refund of tax. The ability to purchase tax-free gasoline at source makes it easier for farmers to receive this tax benefit. The Department's influence over this measure is limited to the extent that it can only provide the ability for farmers to purchase gasoline tax free at source. Farmers may still choose to purchase gasoline at retail and apply for a rebate.	Where are we starting from? 91 per cent (2002-03)

Where to Obtain Additional Information

If you have any questions or comments about this plan, call 1-866-862-6246.

If you require additional copies of this Annual Report, call 787-3102.

All Saskatchewan Finance programs and services can be accessed at **www.gov.sk.ca/finance**

All Saskatchewan Finance publications can be accessed at **www.gov.sk.ca/finance/publicationsall.htm**

Appendix A

Senior Management Committee

Ron Styles, Deputy Minister

Kirk McGregor, Assistant Deputy Minister
Taxation and Intergovernmental Affairs Branch

Terry Paton, Provincial Comptroller
Provincial Comptroller's Division

Dennis Polowyk, Assistant Deputy Minister
Treasury and Debt Management Division

Len Rog, Assistant Deputy Minister
Revenue Division

Glen Veikle, Assistant Deputy Minister
Treasury Board Branch

Joanne Brockman, Executive Director
Economic and Fiscal Policy Branch

Cathy Johnson, Chief Information Officer
Information Technology Branch

Naomi Mellor, Executive Director
Performance Management Branch

Janine Reed, Executive Director
Personnel Policy Secretariat

Brian Smith, Executive Director
Public Employees Benefits Agency

Bill Van Sickle, Executive Director
Corporate Services Division

Jim Graham, Director
Human Resources Branch

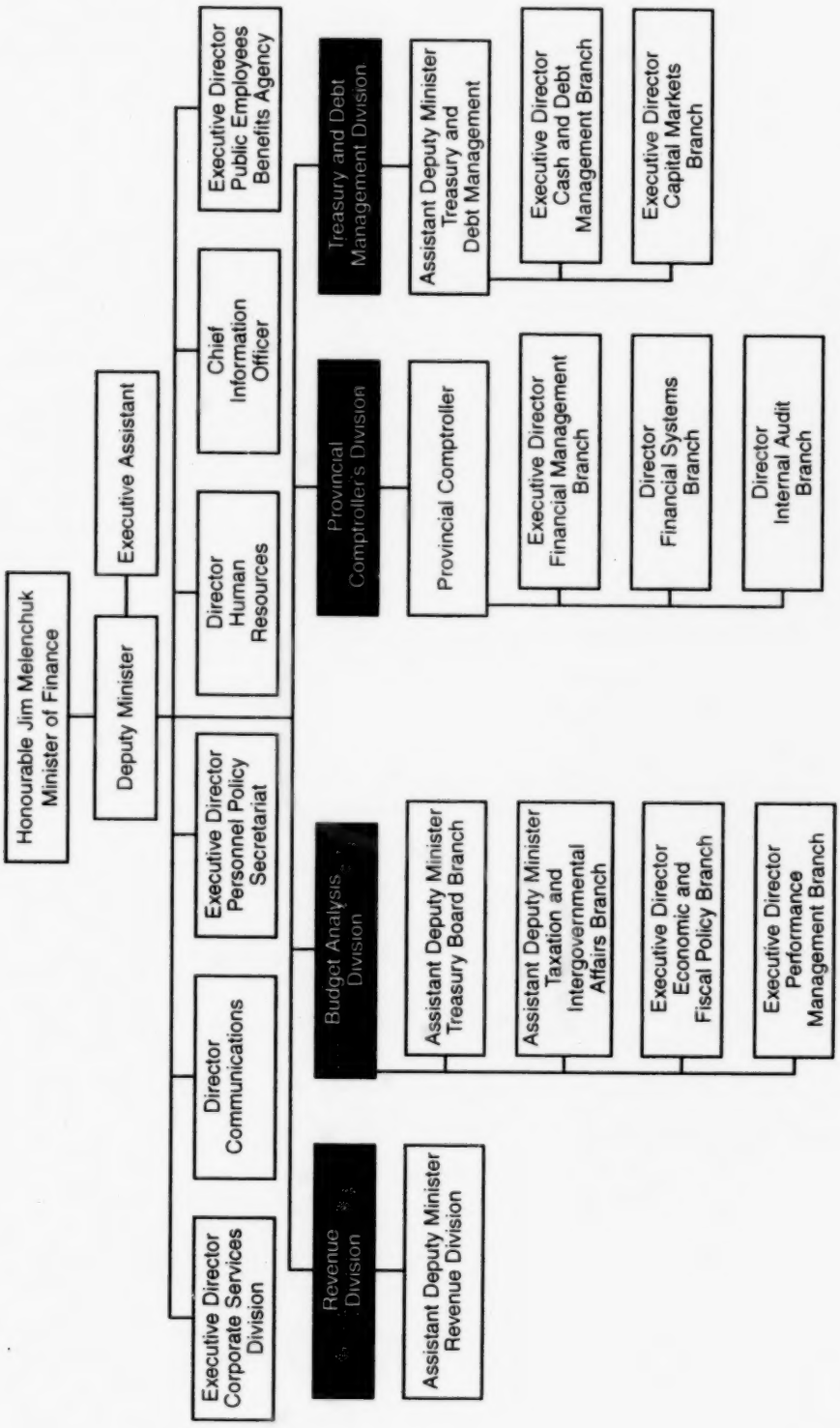
Mike Woods, Director
Communications Branch

Kevin Banman, Executive Assistant to the Deputy Minister

Mag Massier, Senior Administrative Assistant

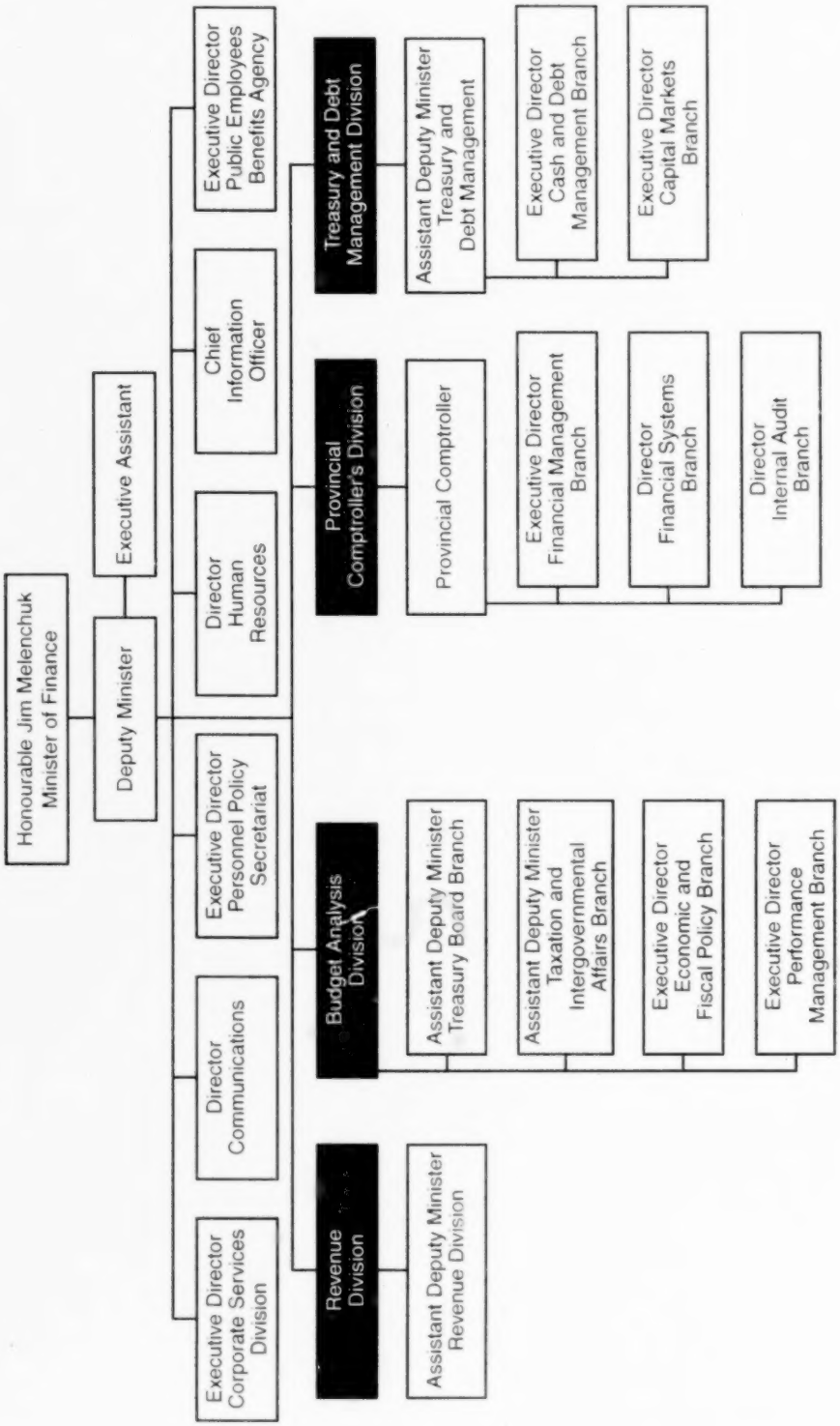
Appendix B

Organizational Chart



Appendix B

Organizational Chart



Appendix C – Financial Schedules

Summary of Expenditures

	(thousands of dollars)			
	2001-02 Actual	2002-03 Budget	2002-03 Actual	2002-03 Variance
Administration	**3,865**	**3,437**	**3,621**	**184**
Accommodation and Central Services	**2,125**	**2,246**	**2,083**	**(163)**
Treasury and Debt Management	**1,995**	**2,161**	**2,088**	**(73)**
Provincial Comptroller	**10,363**	**11,438**	**11,405**	**(33)**
Budget Analysis	**3,783**	**4,206**	**3,853**	**(353)**
Revenue Division	9,328	10,656	10,413	(243)
Allowance for Doubtful Accounts	1,600	1,400	1,400	-
CCRA Income Tax Administration	1,902	1,246	1,212	(34)
Vehicle Registration Fee Administration	1,300	1,300	1,300	-
Revenue	**14,130**	**14,602**	**14,325**	**(277)**
Personnel Policy Secretariat	**297**	**387**	**251**	**(136)**
Bonding of Public Officials	17	20	17	(3)
Unforeseen and Unprovided for	33	50	3	(47)
Implementation of Guarantees (Statutory)	0	25	0	(25)
Miscellaneous Payments	**50**	**95**	**20**	**(75)**
Public Service Superannuation Plan (Statutory)	92,715	93,435	94,160	725
Members of the Legislative Assembly Superannuation Plan (Statutory)	2,849	3,008	2,829	(179)
Judges Superannuation Plan (Statutory)	1,649	1,711	1,643	(68)
Municipal Employees' Pension Plan	0	4	0	(4)
Public Employees' Pension Plan	25,545	29,616	29,665	49
Canada Pension Plan – Employer's Contribution	16,933	20,003	19,059	(944)
Employment Insurance – Employer's Contribution	12,540	12,579	12,306	(273)
Worker's Compensation – Employer's Assessment	4,343	6,032	5,353	(679)
Employees' Benefit – Employer's Contribution	17,211	20,852	18,990	(1,862)
Services to Public Service Superannuation Plan Members	983	1,223	1,136	(87)
Public Employees' Benefits Agency Revolving Fund – Subsidy	0	0	0	0
Net Financing Requirements (Statutory)	125	250	(317)	(567)
Pension and Benefits*	**174,893**	**188,713**	**184,824**	**(3,889)**
Total Department of Finance	**$ 211,501**	**$ 227,285**	**$ 222,470**	**$ (4,815)**

* These expenditures represent the employer paid portion of government pension and benefit programs and are paid by the Department of Finance on behalf of all executive government departments and agencies.

Servicing the Public Debt

	(thousands of dollars)			
	2001-02 Actual	2002-03 Budget	2002-03 Actual	2002-03 Variance
Servicing the Public Debt				
Interest on the Public Debt	591,963	607,500	594,944	(12,556)
Foreign Currency Adjustment	17,196	18,688	9,771	(8,917)
Fees and Commissions	7,652	6,812	6,679	(133)
Total Servicing the Public Debt	**$ 616,811**	**$ 633,000**	**$ 611,394**	**$ (21,606)**

Summary of Revenue

	(thousands of dollars)			
	2001-02 Actual	2002-03 Budget	2002-03 Actual	2002-03 Variance
Corporation Capital	363,204	340,200	379,093	38,893
Corporation Income	145,338	118,500	178,267	59,767
Fuel	353,765	357,700	331,512	(26,188)
Individual Income	1,196,410	1,165,500	1,429,757	264,257
Sales	770,984	826,900	813,932	(12,968)
Tobacco	120,049	182,500	158,472	(24,028)
Other	64,337	58,100	68,913	10,813
Taxes	**3,014,087**	**3,049,400**	**3,359,946**	**310,546**
Crown Investments Corporation of Saskatchewan	200,000	300,000	300,000	0
Saskatchewan Liquor and Gaming Authority	315,710	332,000	328,680	(3,320)
Other Enterprises and Funds	26,505	53,650	43,687	(9,963)
Transfers from Crown Entities	**542,215**	**685,650**	**672,367**	**(13,283)**
Interest, Premium, Discount and Exchange	39,442	41,931	58,476	16,545
Motor Vehicle Fees	117,896	116,900	116,959	59
Other Licences and Permits	88	86	89	3
Sales, Services and Service Fees	320	325	207	(118)
Other	7,595	14,030	7,338	(6,692)
Other Revenue	**165,341**	**173,272**	**183,069**	**9,797**
Canada Health and Social Transfer	608,908	638,300	668,211	29,911
Equalization Payments	492,017	530,700	(9,215)	(539,915)
Other	2,243	2,155	2,158	3
Transfers from the Government of Canada	**1,103,168**	**1,171,155**	**661,154**	**(510,001)**
Total Department of Finance Revenue	**$ 4,824,811**	**$ 5,079,477**	**$ 4,876,536**	**$ (202,941)**

Appendix C – Financial Schedules

Summary of Expenditures

	(thousands of dollars)			
	2001-02 Actual	2002-03 Budget	2002-03 Actual	2002-03 Variance
Administration	**3,865**	**3,437**	**3,621**	**184**
Accommodation and Central Services	**2,125**	**2,246**	**2,083**	**(163)**
Treasury and Debt Management	**1,995**	**2,161**	**2,088**	**(73)**
Provincial Comptroller	**10,363**	**11,438**	**11,405**	**(33)**
Budget Analysis	**3,783**	**4,206**	**3,853**	**(353)**
Revenue Division	9,328	10,656	10,413	(243)
Allowance for Doubtful Accounts	1,600	1,400	1,400	-
CCRA Income Tax Administration	1,902	1,246	1,212	(34)
Vehicle Registration Fee Administration	1,300	1,300	1,300	-
Revenue	**14,130**	**14,602**	**14,325**	**(277)**
Personnel Policy Secretariat	**297**	**387**	**251**	**(136)**
Bonding of Public Officials	17	20	17	(3)
Unforeseen and Unprovided for	33	50	3	(47)
Implementation of Guarantees (Statutory)	0	25	0	(25)
Miscellaneous Payments	**50**	**95**	**20**	**(75)**
Public Service Superannuation Plan (Statutory)	92,715	93,435	94,160	725
Members of the Legislative Assembly Superannuation Plan (Statutory)	2,849	3,008	2,829	(179)
Judges Superannuation Plan (Statutory)	1,649	1,711	1,643	(68)
Municipal Employees' Pension Plan	0	4	0	(4)
Public Employees' Pension Plan	25,545	29,616	29,665	49
Canada Pension Plan – Employer's Contribution	16,933	20,003	19,059	(944)
Employment Insurance – Employer's Contribution	12,540	12,579	12,306	(273)
Worker's Compensation – Employer's Assessment	4,343	6,032	5,353	(679)
Employees' Benefit – Employer's Contribution	17,211	20,852	18,990	(1,862)
Services to Public Service Superannuation Plan Members	983	1,223	1,136	(87)
Public Employees' Benefits Agency Revolving Fund – Subsidy	0	0	0	0
Net Financing Requirements (Statutory)	125	250	(317)	(567)
Pension and Benefits*	**174,893**	**188,713**	**184,824**	**(3,889)**
Total Department of Finance	**$ 211,501**	**$ 227,285**	**$ 222,470**	**$ (4,815)**

* These expenditures represent the employer paid portion of government pension and benefit programs and are paid by the Department of Finance on behalf of all executive government departments and agencies.

Servicing the Public Debt

	(thousands of dollars)			
	2001-02 Actual	2002-03 Budget	2002-03 Actual	2002-03 Variance
Servicing the Public Debt				
Interest on the Public Debt	591,963	607,500	594,944	(12,556)
Foreign Currency Adjustment	17,196	18,688	9,771	(8,917)
Fees and Commissions	7,652	6,812	6,679	(133)
Total Servicing the Public Debt	**$ 616,811**	**$ 633,000**	**$ 611,394**	**$ (21,606)**

Summary of Revenue

	(thousands of dollars)			
	2001-02 Actual	2002-03 Budget	2002-03 Actual	2002-03 Variance
Corporation Capital	363,204	340,200	379,093	38,893
Corporation Income	145,338	118,500	178,267	59,767
Fuel	353,765	357,700	331,512	(26,188)
Individual Income	1,196,410	1,165,500	1,429,757	264,257
Sales	770,984	826,900	813,932	(12,968)
Tobacco	120,049	182,500	158,472	(24,028)
Other	64,337	58,100	68,913	10,813
Taxes	**3,014,087**	**3,049,400**	**3,359,946**	**310,546**
Crown Investments Corporation of Saskatchewan	200,000	300,000	300,000	0
Saskatchewan Liquor and Gaming Authority	315,710	332,000	328,680	(3,320)
Other Enterprises and Funds	26,505	53,650	43,687	(9,963)
Transfers from Crown Entities	**542,215**	**685,650**	**672,367**	**(13,283)**
Interest, Premium, Discount and Exchange	39,442	41,931	58,476	16,545
Motor Vehicle Fees	117,896	116,900	116,959	59
Other Licences and Permits	88	86	89	3
Sales, Services and Service Fees	320	325	207	(118)
Other	7,595	14,030	7,338	(6,692)
Other Revenue	**165,341**	**173,272**	**183,069**	**9,797**
Canada Health and Social Transfer	608,908	638,300	668,211	29,911
Equalization Payments	492,017	530,700	(9,215)	(539,915)
Other	2,243	2,155	2,158	3
Transfers from the Government of Canada	**1,103,168**	**1,171,155**	**661,154**	**(510,001)**
Total Department of Finance Revenue	**$ 4,824,811**	**$ 5,079,477**	**$ 4,876,536**	**$ (202,941)**

Appendix D

Public Employees Benefits Agency

The Public Employees Benefits Agency (PEBA) provides the day-to-day administration of public sector pension and benefit programs.

PEBA's strategic plan, developed by a committee of management and staff, was finalized during the 2002-03 fiscal year. Management and staff are working together to implement the Agency's goals.

PEBA continued to provide research and guidance to pension and benefits boards to facilitate the documenting of each pension board's governance strategy. Good governance is developing, documenting, implementing and abiding by policies and procedures that facilitate the efficient administration of pension and benefit plans. Boards conducting themselves using good governance practices is not new. The documentation and ongoing review of governance is an expectation in the pension and benefit industry.

Greater emphasis was placed on staff development and training throughout the fiscal year. PEBA employees enhanced their pension, benefit and governance knowledge, participated in supervisory and management training, and received software training. Training is targeted to address specific employee, organization, and client needs.

May 1, 2002 marked the 75th anniversary of the Public Service Superannuation Plan. For the first time in the Plan's history, personal pension statements were printed and distributed to plan members in the 2002 fiscal year.

The Public Employees Benefits Agency administers the following pension and benefit plans:

Pension Programs

Anti-Tuberculosis League Employees Superannuation Plan

Judges of the Provincial Court Superannuation Plan

Liquor Board Superannuation Plan

The Members of the Legislative Assembly Benefits Act

Municipal Employees' Pension Plan

Public Employees Pension Plan

Public Service Superannuation Plan

Saskatchewan Pension Annuity Fund

Saskatchewan Transportation Company Employees Superannuation Plan

Workers' Compensation Board Superannuation Plan

Benefit Plans

Additional Pension Contribution Program

Deferred Salary Leave Plan

Extended Health Care Plan

Extended Health Care Plan for Certain Other Employees

Public Employees Dental Plan

Public Employees Disability Income Plan

Public Employees Group Life Insurance Plan

Scheduled Aircraft Insurance Plan

Unscheduled Aircraft Insurance Plan

Additional Benefit Plans Administered for Employers

The Extended Health Care Plan for Retired Employees

The Extended Health Care Plan for Certain Other Retired Employees

The Government of Saskatchewan and Canadian Union of Public Employees Local No. 600-3 Benefits Plans Surplus Fund

The Government of Saskatchewan and Saskatchewan Government and General Employees' Union Benefit Plans' Surplus Fund

The SaskPower Millennium Trust Fund

The SaskPower Supplementary Superannuation Plan

Appendix E

Publications List

All Saskatchewan Finance publications can be accessed at:
www.gov.sk.ca/finance/publicationsall.htm

Department of Finance Annual Report
Offers a narrative and financial overview of the operations of the Department of Finance for the previous fiscal year and identifies actions for the upcoming fiscal year.
www.gov.sk.ca/finance/annreport

Budget Documents and Backgrounders
Offer financial details of the annual Provincial Budget. Published in March of each year. Main documents include the Budget Summary Book, Our Plan for 2003-04, Estimates and Supplementary Estimates.
www.gov.sk.ca/finance/budget

- **Budget Summary Book**
  Offers an overall view of the Provincial Budget. Includes Financial Tables, as well as program highlights for the upcoming year.

- **Our Plan for 2003-04**
  Outlines key commitments associated with the 2003-04 Budget.

- **Estimates**
  The Estimates represent the Government's financial plan for the General Revenue Fund presented to the Legislative Assembly for the fiscal year commencing April 1, and ending on March 31 of the following year. The Estimates outline the estimated expenditures, revenues, loans, advances and investments of the General Revenue Fund categorized in a manner to inform both the Members of the Legislative Assembly and the public. The Estimates are presented in accordance with *The Financial Administration Act, 1993.*

- **Supplementary Estimates**
  The Supplementary Estimates for the fiscal year ending March 31 represents funding provided by special warrants issued subsequent to the passage of the Main Appropriation Bill for the previous year. Supplementary Estimates are prepared and presented to the Legislative Assembly pursuant to section 14 of *The Financial Administration Act, 1993.*

First Quarter Report
Offers details of the government's financial picture on a General Revenue Fund basis as of the first quarter (April, May, June) of the fiscal year, compared to Budget. Published within 60 days of end of first quarter.
www.gov.sk.ca/finance/QuarterReports

Mid-Year Report
Offers details of the government's financial picture on a General Revenue Fund basis as of the second quarter (April – September) of the fiscal year, compared to Budget and First Quarter. Published within 60 days of end of second quarter.
www.gov.sk.ca/finance/finrep

Third Quarter Report
Offers details of the government's financial picture on a General Revenue Fund basis as of the third quarter (April – December) of the fiscal year, compared to Budget and Mid-Year. Published within 60 days of end of third quarter.
www.gov.sk.ca/finance/QuarterReports/thirdquarter.htm

Public Accounts Documents
www.gov.sk.ca/finance/paccts

- **Volume 1**
  Volume 1 of the Public Accounts contains the General Revenue Fund financial statements and the Summary Financial Statements. It also contains information on the Fiscal Stabilization Fund and the Province's debentures. Usually published in July.

- **Volume 2**
  Volume 2 of the Public Accounts provides detailed information on revenues and expenditures of the General Revenue Fund, information on the trust funds administered by the Government and a listing of remissions of taxes and fees. Usually published in September.

- **Compendium**
  The Compendium contains the financial statements of various boards, agencies, commissions, superannuation funds, special purpose funds and institutions as well as those Crown corporations, which are accountable to Treasury Board. Usually published in late March of the following year.

Understanding Public Law
This Handbook is for boards of directors of public agencies that are responsible to Treasury Board. It is intended to assist boards of directors in understanding how general laws affect their roles, responsibilities and duties.
www.gov.sk.ca/finance/pcdlaws/handbook.pdf

Tax Information Bulletins and Forms
The Revenue Division of Saskatchewan Finance prepares a number of information bulletins and forms about the taxes and programs administered. This information explains how the Provincial Sales Tax, Fuel Tax, Tobacco Tax, Corporation Capital Tax, Liquor Consumption Tax, and other taxes apply in specific situations.
www.gov.sk.ca/finance/revenue

Saskatchewan Bureau of Statistics
www.gov.sk.ca/bureau.stats

- **Saskatchewan Economic Statistics**
  Provides detailed data of the Saskatchewan economy in terms of Gross Domestic Product. Published twice annually.

- **Economic Overview**
  Provides a compendium of the most asked questions relating to Saskatchewan statistics, including data on agriculture, business, employment, investment and Gross Domestic Product. Published annually.

- **Monthly Statistical Review**
  Provides up-to-date economic and social statistics relating to Saskatchewan. Produced monthly.

- **Saskatchewan Fact Sheet**
  Provides a snapshot of important Saskatchewan economic and social statistics for the previous two years. Produced annually.

- **Labour Force Survey**
  Tables provide labour force and employment data from the Statistics Canada Labour Force Survey. Produced monthly.

- **Consumer Price Index**
  Tables provide price data from the Statistics Canada Consumer Price Index. Produced monthly.

Public Employees Benefits Agency (PEBA)
PEBA operates as a central body within the Department of Finance, Government of Saskatchewan to administer pension and benefit programs for employees of the Executive Government, Crown corporations and Government Funded Bodies.
www.peba.gov.sk.ca/publications/publications.htm

- **PEBA Annual Reports**
  Annual Reports provide information about the Plan's operations, membership, and administrative expenses and include financial statements for the year. PEBA produces 18 annual reports.

- **Acceptable Documentation**
  This document outlines the documentation that PEBA will use in administering the pension and benefit programs that the Agency is responsible for.

- **Statement of Investment Policies (SIP&P)**
  The following policy documents outline parameters around the investment of the various plans' assets setting rate of return standards, asset mix guidelines, risk tolerance, etc. This document is used by various fund managers to manage the plans assets and the boards and commissions will use this to evaluate the manager's performance.

  Public Employees Pension Plan:
  - Investment Policy Summary (as of April 2003) - Balanced Fund
  - Statement of Investment Policies and Goals - Balanced Fund
  - Investment Policy Summary (as of April 2003) - Short-Term Bond Fund
  - Statement of Investment Policies and Goals - Short-Term Bond Fund

  The Saskatchewan Pension Annuity Fund:
  - Statement of Investment Policies and Goals (as of February 2003)

  Municipal Employees' Pension Plan:
  - Investment Policy Summary (as of April 2003)
  - Statement of Investment Policies and Procedures

- **Public Service Superannuation Plan (PSSP)**

  Saskatchewan Liquor Board Superannuation Plan:
  - Investment Policy Summary (as of March 2003)
  - Statement of Investment Policies and Objectives

  Saskatchewan Transportation Company Superannuation Plan:
  - Investment Policy Summary (as of March 2002)
  - Statement of Investment Policies and Goals

- **Benefits**

  Public Employees Benefits Agency Disability Income Plan:
  - Investment Policy Summary (as of March 2003)
  - Statement of Investment Policies and Objectives

  Public Employees Benefits Agency Group Life Insurance Plan:
  - Investment Policy Summary (as of March 2003)
  - Statement of Investment Policies and Objectives

- **Member Newsletters**
  The newsletters provide current information to members about Plan provisions, proposed changes to legislation, regulations and administrative matters and addresses topics of interest to members (i.e. retirement planning, risk management, investments, missing members and the pension industry).

  Public Employees Pension Plan (PEPP) – "Pension Perspectives"
  Municipal Employees' Pension Plan (MEPP) – "MEPP Matters"

- **Member Booklets**
  Member Booklets contain detailed information concerning the various plans offered and the benefits available to the members. These are a valuable resource to all Plan members, so that they know their exact entitlements under the various plans.

Pension Plans:
- Public Employees Pension Plan
- Municipal Employees Pension Plan
  General Member
  Designated Police Officer and Firefighter
- Public Service Superannuation Plan

Benefit Plans:
- Public Employees Group Life
- Public Employees Disability Income Plan
  Employee Booklet
  Plan Document
  Public Employees Dental Plan
  Maximum Reimbursement Schedules (MRS) - list the codes and the cost for each procedure that is covered in the Plan. The schedules are updated every year, usually in January.
- Public Employees Deferred Salary Leave Plan

Extended Health Care Booklets:
- Extended Health Care Plan PS/GE SGEU Retiree Booklet
- Extended Health Care Plan CUPE 600-3 Retiree Booklet
- Extended Health Care Plan Out-of-scope Retiree Booklet
- Extended Health Care Plan Booklet PS/SGEU and CUPE 600-3: Effective January 1, 2000
- Extended Health Care Plan Booklet (Management) Employees: Effective January 1, 2000

- **Employer Bulletins**
  Bulletins notify employers about legislation, regulations, and administrative changes affecting the Plan, as well as new services being offered to the members or procedural changes.

  PEPP
  PSSP
  MEPP

- **Pension Adjustment Guides**
  Assists users in calculating and reporting Pension Adjustments.

  MEPP
  PSSP

- **Employer Manual (MEPP)**
  Provides instructions to employers regarding administrative and reporting procedures.

- **Other Information**

  Information Sheets
  Provide detailed information on specific topics related to Plan provisions.
  - Green Sheets (PEPP)
  - InfoSheets (PSSP)
  - FOCUSsheets (MEPP)

  PEPP
  - Pension Connection Brochure

  MEPP
  - Actuarial Valuation of the Saskatchewan Municipal Employees' Pension Plan (as at December 31, 2001)
  - Actuarial Valuation Report (as at December 31, 2001) on The Annuities Underwritten by The Municipal Employees' Pension Plan

Appendix F

Legislation

Under Order-in-Council No. 259/2003 dated March 31, 2003, the Minister of Finance is responsible for the following Acts of the Legislative Assembly:

Balanced Budget Act
Certified General Accountants Act, 1994
Certified Management Accountants Act
Certified Management Consultants Act
Chartered Accountants Act, 1986
Corporation Capital Tax Act
Federal-Provincial Agreements Act
Financial Administration Act, 1993
Fiscal Stabilization Fund Act
Fuel Tax Act, 2000
Home Energy Loan Act
Income Tax Act
Income Tax Act, 2000
Insurance Premiums Tax Act
Liquor Consumption Tax Act
Management Accountants Act
Members of the Legislative Assembly Benefits Act
Motor Vehicle Insurance Premiums Tax Act
Municipal Employees' Pension Act
Municipal Financing Corporation Act
Provincial Auditor Act
Provincial Sales Tax Act
Public Employees Pension Plan Act
Public Service Superannuation Act
Revenue and Financial Services Act
Saskatchewan Development Fund Act
Saskatchewan Pension Annuity Fund Act
Saskatchewan Pension Plan Act
Statistics Act
Superannuation (Supplementary Provisions) Act
Tabling of Documents Act, 1991
Tobacco Tax Act, 1998

Although not listed in the Order-in-Council, the Minister is also responsible for *The Appropriation Act.*

Furthermore, the Department has responsibilities under the following legislation:

Fire Prevention Act, 1992
Liquor Board Superannuation Act
Provincial Court Act, 1998
Vehicle Administration Act
Workers' Compensation Board Superannuation Act

Appendix G

Treasury Board, The Budget Process and Public Accounts

Key decisions about the Province's finances, including the development of the annual Budget, are the responsibility of **Treasury Board**, a committee of Cabinet Ministers. The powers and duties of Treasury Board are contained in sections 4 and 5 of *The Financial Administration Act, 1993.* The Minister of Finance is the Chair of Treasury Board and the Deputy Minister of Finance is the Board's Secretary. Department of Finance staff act as a resource to Treasury Board in the performance of its duties.

The Department of Finance assists and supports Treasury Board in fulfilling its duties, which include:

- managing the Government's revenues, expenditures, assets and liabilities;
- evaluating Government programs and services;
- establishing and overseeing Government administrative policy and management practices and systems;
- developing and monitoring Government accounting policies and practices;
- reviewing and making recommendations on the organization of all or any part of Government;
- providing Cabinet with policy recommendations to address Government programming and fiscal issues; and,
- reviewing Budget proposals and overseeing the development of the Government's annual Budget.

One of the primary responsibilities of the Department of Finance is to assist Treasury Board in developing and managing the annual provincial **Budget**. Presented each year in the Legislative Assembly by the Minister of Finance, the Budget sets forth in detail how public funds will be allocated among all government programs and services in the coming fiscal year. It also establishes future directions for government programs and appropriate levels of taxation to maintain those programs.

The process starts each spring with a Call for Plans, which directs departments to develop their strategic direction for the year, including goals, objectives, performance measures and key actions. Each year, Cabinet meets early in the Fall to develop budget guidelines based on overall public priorities as determined by the Government. These guidelines are conveyed to departments to guide them when preparing their budget requests. Treasury Board, with the support and advice of the Department of Finance, assesses the plans and budget requests, evaluates competing priorities, and recommends a budget package to Cabinet.

Once Cabinet has finalized the budget package, the Department produces the Budget Address, annual Estimates and supporting materials and arranges for the dissemination of budget information to key stakeholders and the public.

Throughout the year, the Department of Finance issues First Quarter, Mid-Year and Third Quarter Reports, which update revenue, expenditure and debt forecasts based on economic changes and other developments that have occurred to certain points of the fiscal year. In addition, the Mid-Year Report updates actual performance compared to key commitments made in the Budget.

By August 1, the Department of Finance prepares the annual Public Accounts for the Minister of Finance to table in the Legislative Assembly. In effect, the **Public Accounts** serve as a fourth quarter report. The Public Accounts summarize the results of Government operations for the fiscal year and provide a comparison of actual results to Budget Estimates.

The Legislative Assembly establishes a Standing Committee on Public Accounts at the beginning of each Legislative sitting to review the Government's expenditures through analysis of the Public Accounts and the Provincial Auditor's report. The Committee plays a key role in maintaining Government accountability.

The Committee is assisted in its deliberations by the attendance of the Provincial Comptroller, the Provincial Auditor and department officials, each of whom provides information and answers questions from Members.

The Committee summarizes its recommendations in periodic reports to the Legislative Assembly. The Department of Finance assists the Government in preparing a formal response describing the actions taken as a result of the Committee's recommendations. The financial accountability cycle is completed when the Committee reviews the Government's response and actions.

Appendix H

Glossary of Terms

Appropriation
An amount of funding that the Legislature has authorized for a particular purpose.

Credit Rating
An evaluation of the ability and willingness of a borrower to service and repay debt in a timely manner. Credit ratings are a key factor in determining the cost and availability of credit to a borrower. Borrowers with lower credit ratings pay more to lenders or investors than those with a higher rating. Many investors, such as pension funds, have guidelines restricting their lending to only those borrowers with above a minimum standard (level) credit rating.

Debt Servicing Costs
Costs associated with servicing the gross debt of the General Revenue Fund. The costs include interest, foreign exchange gains and losses, discounts, fees and commissions. Costs incurred to service Crown corporation debt are reimbursed by the Crown corporations.

Department
An organizational unit of Executive Government created for the purpose of managing related programs.

Estimates
Documents tabled outlining the Government's detailed financial plan for the year which form the basis for the requested appropriations. Estimates are tabled every year with the Budget Address.

Expenditure
The cost of operating government identified with a particular fiscal year or time period. Expenditures include the cost of government operated programs, interest on the public debt, transfer payments and capital acquisitions.

Financial System
Any system, manual or computerized, used to report or process transactions or data related to revenues, expenditures, assets or liabilities.

Fiscal Stabilization Fund (FSF)
The FSF was established April 1, 2000 by The Fiscal Stabilization Fund Act. Its purpose is to stabilize the fiscal position of the Government to facilitate long-term planning. Stabilization occurs through transfers between the FSF and the General Revenue Fund (GRF) as approved by Treasury Board. Transfers to the FSF from the GRF are statutory disbursements. Amounts transferred to the GRF from the FSF are available for expenditure subsequent to receiving required approval from the Legislative Assembly.

Fiscal Year
The period commencing on April 1 in one calendar year and ending on March 31 in the following calendar year.

General Revenue Fund (GRF)
The fund into which all revenues are paid, unless otherwise provided for by legislation, and from which all expenditures are appropriated by the Legislative Assembly.

General Revenue Fund Financial Statements
The financial statements prepared for the moneys appropriated by the Legislative Assembly.

Gross Debt
The gross debt of the Province consists of money owed directly to lenders through the sale of short-term promissory notes and medium and long-term debentures in the capital markets, as well as the amount owed to holders of Saskatchewan Savings Bonds.

Guaranteed Debt
The debt of Crown corporations and others that the Province has promised to repay if the debt issuer is unable to do so.

Performance Measurement
Performance measurement is a process of regularly assessing progress towards achieving the outcomes articulated in a strategic plan. Measurement results are analyzed, reported and the knowledge gained is used by the organization to modify and improve future plans.

Public Accounts
The Public Accounts of the Government of Saskatchewan are organized into two reports. Volume 1 contains the General Revenue Fund Financial Statements and the Summary Financial Statements. These are the main financial statements of the Government of Saskatchewan. Volume 2 contains details on revenue and expenditure of the General Revenue Fund, financial information on the superannuation and trust funds administered by the Government, and a listing of remissions of taxes and fees.

Public Performance Results Reporting
The mechanism that Government uses to communicate with the public on the achievements of departments for a specific time period, compared to the intended results laid out in pre-specified plans (typically at mid-year or at the end of a fiscal year). All departments are now required to prepare and report performance plans and results reports as part of their Annual Report.

Revenue
The gross proceeds applicable to a fiscal year from taxes, licenses, transfer payments and sources other than borrowing.

Revolving Funds
Funds established by statute which are used to isolate certain items of related revenue and expenditure. Revolving funds are net budgeted in the Estimates, and are used for specific government operations that recover all or a portion of the associated costs from the funds' users.

Sinking Funds
Funds set aside to provide for the orderly retirement of a portion of the Province's debt.

Strategic Planning
Strategic planning is a practical, action-oriented process that sets goals and allocates resources to achieve meaningful results over time. Plans describe the outcomes that the organization intends to achieve over the planning period (goals and objectives) and the key actions that will be taken in the short term to move the organization toward its desired outcomes.

Summary Financial Statements
The financial statements that report on the consolidated financial resources and activities of all government organizations, including government boards, agencies, commissions, funds and Crown corporations.

Total Debt
The total debt of the General Revenue Fund consists of:

- gross debt – the amount of money owed to lenders, plus
- guaranteed debt – the debt of Crown corporations and others that the Province has promised to repay if they are unable to do so; less
- sinking funds – the amount of money which has been set aside for the repayment of debt.

Transfers
Transfers of money from the Government of Saskatchewan to an individual, organization, authority or other government for which no goods or services are directly received by Government and no repayment is expected in the future. Terms such as "grants" and "entitlements" are often used for transfers.

Transfers to Individuals
Direct or indirect transfers of money for which no public service is required of the recipient. These transfers provide the recipient with a financial benefit and are usually in the nature of income support, subsidy or compensation payment. These transfers may include public goods and services that are income tested.

Transfers for Public Service
Transfers to individuals, organizations, Crown corporations and local authorities (for example: school boards, district health boards and municipalities) to fund public services such as health care and education. Transfers to government organizations and corporations, which in turn provide a direct transfer or subsidy to their clients, are treated as a transfer to an individual.

Contact Information

Saskatchewan Finance
2350 Albert Street
REGINA, SK
S4P 4A6
Phone: (306) 787-6768
Fax: (306) 787-6544
www.gov.sk.ca/finance

Public Employees Benefits Agency
10th floor
1801 Hamilton Street
REGINA, SK
S4P 4B4
Phone: (306) 787-2992
Fax: (306) 787-0244
www.peba.gov.sk.ca

General Consumption Tax Inquiries
Toll Free: 1-800-667-6102
Regina area: (306) 787-6645

Saskatchewan Bureau of Statistics
5th Floor, 2350 Albert Street
REGINA, SK
S4P 4A6
Phone: (306) 787-6327
Fax: (306) 787-6311
www.gov.sk.ca/bureau.stats

Regional Tax Audit Offices:

Regina Regional Tax Audit Office
3rd floor, 2350 Albert Street
REGINA, SK
S4P 4A6
Phone: (306) 787-6719
Fax: (306) 787-0241

Saskatoon Regional Tax Audit Office
10th floor, Sturdy Stone Building
122 3rd Avenue North
SASKATOON, SK
S7K 2H6
Phone: (306) 933-8322
Fax: (306) 933-8334

Prince Albert Regional Tax Audit Office
P.O. Box 3003
800 Central Avenue
PRINCE ALBERT, SK
S6V 6G1
Phone: (306) 953-2208
Fax: (306) 953-2698

Yorkton Regional Tax Audit Office
2nd Floor, Broadcast Building
102 Smith Street East
YORKTON, SK
S3N 3V3
Phone: (306) 786-5761
Fax: (306) 786-5762

Swift Current Regional Tax Audit and Enforcement Office
E.I. Wood Building
350 Cheadle Street West
SWIFT CURRENT, SK
S9H 4G3
Audit Phone: (306) 778-8573
Audit Fax: (306) 778-8282
Enforcement Phone: (306) 778-8343
Enforcement Fax: (306) 778-8282

North Battleford Enforcement Office
1146-102nd Street
NORTH BATTLEFORD, SK
S9A 1E9
Phone: (306) 445-6877
Fax: (306) 445-6876